

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

---

March 31, 1928.

Vol. VI, No. 7.

## COOPERATIVES PRODUCE AND MARKET ONE-THIRD OF CHEESE

A little less than one-third of the cheese produced in the United States is marketed by farmers' cooperative associations. Cheese factories in 34 of the 48 States are reporting regularly to the United States Department of Agriculture the quantities of cheese manufactured. In 21 of the 48 states there are cooperative associations of farmers for making or marketing cheese. The number of such associations is approximately 750. In addition there are nearly 50 associations engaged in marketing other dairy products which make cheese as a by-product. Reports from 793 associations making or marketing cheese on a cooperative basis in 1926, show 139,112,879 pounds handled, which quantity was 32.5 per cent of the total production for that year.

In some of the states considerably more than one-third of the cheese made was marketed through cooperatives in 1926. In North Carolina 86 per cent of the cheese produced was handled by cooperative associations. In Minnesota the percentage was 80.7 per cent; in Oregon, 73.7; in Michigan 40.7; and in Wisconsin 34.3.

More than 75 per cent of the cheese marketed cooperatively was made in Wisconsin. Six per cent was made in Oregon, more than 5 per cent in Minnesota, and more than 4 per cent in New York. These four States produced 91 per cent of all the cheese marketed cooperatively in 1926.

Nearly 15 per cent of the associations engaged in making cheese make from 125,000 pounds to 150,000 pounds annually; nearly 13 per cent of the associations make from 75,000 to 100,000 pounds annually and about the same per cent make from 100,000 to 125,000 pounds annually.

More than 13 per cent of the cheese made cooperatively is produced in factories making from 125,000 to 150,000 pounds annually, and nearly 11 per cent comes from factories making from 150,000 to 175,000 pounds annually. One-half of all the cheese produced by cooperative associations is made in factories turning out less than 200,000 pounds a year, indicating that the cooperative making of cheese is largely carried on by small business units.

### WHERE BUTTER IS MEASURED IN TONS

One of the big butter factories of Australia is the Downs Cooperative Dairy Association, Ltd., which started in business in 1905, and the first year had an output valued at £5,987. For the year ending June 30, 1927, the value of the product was £45,694. The largest quantity of butter manufactured any one year was 3,695 tons in 1920-21 from five factories. At present the association has six butter factories and eight cheese factories and employs 100 persons. Since the Downs Cooperative Dairy Association started in business it has paid producers £4,800,142 for milk furnished.

-----0-----

### NEW NAME FOR WISCONSIN CHEESE FEDERATION

A change of name, a broader range of activities, and a new plan of financing, were three important changes determined upon by the Wisconsin Cheese Producers' Federation, Plymouth, at the fourteenth annual meeting held at Marshfield in February. By action taken at the business meeting the by-laws were amended to provide for these changes. The name of the organization is to be changed to the National Cheese Producers' Federation, as the membership already covers two states, and factories from two other states are seeking admission. The range of work is to be broadened to give the federation the right to manufacture and handle "butter, cheese, casein, and all other kinds of dairy products, poultry and any other agricultural commodity, for its members or others." This measure is considered necessary to meet changing conditions. It will enable the Federation to market many lines of products through a central selling agency. Preferred stock to the amount of \$500,000 in \$50 shares, bearing 6 per cent interest, is to be offered for sale. A portion of the funds thus secured will be devoted to making earlier payments for cheese. Under the present system, with an inadequate surplus, payments have to be deferred until the cheese is sold.

More than 500 delegates attended the business meeting and voted on the amendments. Out of the 299 member-factories, 220 were represented by delegates.

The awards in the fourth annual quality contest for cheese makers were made in connection with the annual meeting. The winning cheese maker who had a score of 100 per cent for the entire year, was awarded a gold watch. Other cheese makers had scores which were close to 100 were awarded cash prizes. Every box of cheese made during the year was taken into consideration in determining the final scores. In addition to the awards to the cheese makers every factory making fancy cheese was awarded nine-hundredths of 1 cent a pound on all fancy cheese produced.

### OREGON ASSOCIATION HAS MARKETED CHEESE FOR MANY YEARS

Cheese sales by the Tillamook County Creamery Association, Tillamook, Ore., amounted to \$1,755,557 in 1927. In addition there were cream sales to the amount of \$69,053 and supply sales to members to the amount of \$245,634, making total business handled by the association for the year \$2,090,245.

The 20 local units making up the county association, received during the year 65,901,395 pounds of milk which was made into 7,204,543 pounds of full cream cheese and 80,598 pounds of skimmed milk cheese. The average charge for manufacturing was 4.57 cents a pound.

The manufactured product included 80,228 boxes of loaf cheese and 72,845 boxes of triplets. About 45,000 pounds of cheese was marketed in specially wrapped half-pound packages. Sixty-five per cent of the yearly output was sold in Southern and Central California.

This group of manufacturing units with the county sales agency began functioning in 1909 and in that year made 2,541,057 pounds of cheese. In 1912 the three-million-pound mark was passed; in 1915, more than four million pounds was made; in 1918, more than five million; in 1919, more than six million; and in 1923, more than seven million. Since 1923 the yearly output has been fairly uniform, as noted below:

Year	Milk received (Pounds)	Cheese made (Pounds)	Cheese sales
1918	45,100,156	5,036,900	\$1,352,694
1919	53,522,289	6,091,259	2,007,500
1920	56,749,190	6,436,600	1,937,956
1921	59,952,123	6,722,893	1,576,991
1922	59,430,293	6,615,957	1,741,418
1923	63,877,049	6,113,076	1,884,689
1924	66,801,174	7,386,100	1,855,354
1925	61,886,249	6,782,026	1,716,207
1926	67,027,795	7,477,579	1,835,738
1927	65,901,395	7,285,141	1,755,557

At the close of 1927 one of the local factories was closed and the business transferred to one of the other factories which had been enlarged. Consideration is being given to the combining of other factories which means fewer but larger units.

The supplies purchased in 1927 for milk producers included 236 cars of hay and 182 cars of feed. This supply business, including the expense of grinding and mixing feeds, was handled at a cost of but 5½ per cent of sales.



### GROWTH IN SEVEN YEARS

On the occasion of its seventh birthday, the Franklin Cooperative Creamery Association, Minneapolis, issues some figures showing its development. In the seven years the number of employees has grown from 125 to 430. Sales in 1921 were \$844,063, and in 1917 they were close to \$3,500,000. The company now serves one-third of the population of Minneapolis with dairy products, and has 4,780 shareholders.

----0----

### IDAHO CREAMERY GAINS MANY MEMBERS

Rapid growth is reported by the Dairymen's Cooperative Creamery of Boise Valley, Caldwell, Idaho. This company was organized in 1924 and began business in May, 1925, with about 800 members; in the summer of 1926 the number had increased to 870; on January 1, 1928, it was reported as 1,526; and later information stated that 93 new members were added in the month of February, the largest increase in any one month.

During May, 1925, the first month of operation, the creamery made 32,916 pounds of butter; in May, 1926, it made 134,863 pounds; and for May of the present year the manager has set a goal of 300,000 pounds.

The company buys certain supplies for its members, including separators and milking machines, cream cans, milk scales and washing powder.

The 1927 balance sheet shows fixed assets with a depreciated value of \$58,644, reserves of \$67,348, and outstanding capital stock to the amount of \$33,974.

----0----

### FRASER VALLEY DAIRYMEN HOLD ANNUAL MEETING

From 350 to 400 members participated in the eleventh annual meeting of the Fraser Valley Milk Producers' Association, Vancouver, B. C., February 28 and 29. As a matter of economy the delegates decided to centralize the work of evaporating milk by closing one of the plants and moving the machinery and equipment to another plant nearer the city. A new contract to meet changing conditions was presented by the board of directors and was endorsed after being read clause by clause.

The president reviewed the history of the association for the benefit of new members, telling how it started with limited funds in 1916 and had grown from a business of 5,000,000 gallons to 12,500,000 gallons, representing \$900,000 to the dairy farmers in 1916 and \$3,000,000 in 1927. The company handled about 8 per cent more milk in 1927 than in 1926. Thirteen dealers are now buying their milk from the association.

### CULL FRUIT TURNED INTO PROFITS

Cull grapefruit and cull oranges were handled by the Texas Citrus Fruit Growers' Exchange, Mission, Texas, in a manner which made it possible to pay the grower-members one and two cents a pound for fruit. In the case of the grapefruit the association financed the canning of the fruit and sold the canned product.

-----0-----

### SURPLUS HELPS NEW YORK GRAPE GROWERS

Owing to a surplus of more than \$8,000 brought forward from the 1926 season, the Hanover Branch of the Chautauqua & Erie Grape Growers' Cooperative Association, Silver Creek, N. Y., was not put out of business by a loss of \$842 on its 1927 business. The income for the season amounted to \$6,562, made up of retention for handling grapes, \$2,698; discount on purchases, \$205; and earnings on supplies sold to farmers, \$3,659. The supplies included baskets, fertilizers, spraying materials, nursery stock, seed, grape posts, wire, staples, grape twine, etc.

Grape sales for the season were \$24,151; supply sales, \$37,856, making a total of \$122,007. Grape growers received 97 per cent of the f.o.b. value of their grapes.

This association was incorporated in 1921 and is now serving about 200 grape growers.

-----0-----

### FLORIDA EXCHANGE FINDS MARKETS FOR LOW GRADE CITRUS

By means of a subsidiary organization known as the Capitol Fruit Company, formed in April, 1927, the Florida Citrus Exchange, Tampa, is now marketing its low grade fruit. Through this agency markets have been found where this fruit does not come into competition with the higher quality citrus. The plan of organization of the Capitol Fruit Company is such that the executive officers of the Exchange, by virtue of their position, are officers of the subsidiary. Separate sales managers are employed as one agency sells fruit on the basis of quality and the other on a price basis.

The present sales manager of the Capitol Fruit Company was employed on a salary and brokerage basis during the 1926-27 season and built up an excellent business for the low grade fruit. In order to hold this trade which is principally in small markets, the Exchange decided early in 1927 to establish a new company to handle this line of fruit under a name owned and controlled by the Exchange. Usually these markets want fruit in bulk instead of packed in boxes, but the present year a considerable quantity of low grade fruit has been sold in packed boxes.

### OREGON ASSOCIATION MARKETS MANY DIFFERENT PRODUCTS

Twenty-one different fruits and vegetables were received and canned by the Eugene Fruit Growers' Association, Eugene, Ore., during the 1927 season. Among the products handled were apples, beans, beets, carrots, gooseberries, parsnips, plums, prunes, rhubarb, strawberries, turnips, and turnip greens. The total quantity received was 19,412,426 pounds, and the output of the association included 313,809 cases of canned goods, 794,885 pounds of dried prunes, 5,626 packed boxes of fresh apples and pears, 18 barrels of cherries in brine, 452 gallons of frozen berries, 39,970 gallons of vinegar, 151,829 pounds of walnuts, and 17,906 pounds of filberts.

Gross sales for the year were \$1,600,450 made up of the following items:

Canned fruits and vegetables .....	\$1,165,951
Ice cream .....	91,660
Dried fruit .....	89,857
Lumber, box factory .....	78,040
Green fruit .....	39,086
Storage and ice .....	32,691
Soda fountain supplies .....	30,734
Walnuts and filberts .....	29,654
Merchandise .....	16,311
Specialities .....	12,696
Vinegar .....	7,082
Cafeteria .....	3,484
Bees .....	2,710
Machine shop .....	494

During recent years the manufacture and sale of ice cream and soda fountain supplies has become an important activity.

The growth of business since 1920 is indicated roughly below:

Year	Members*	Quantity of products handled			Gross sales
		Fruits and vegetables	Dried fruits#	Apples and pears**	
	(Number)	(Pounds)	(Pounds)	(Boxes)	
1920	1,042	-----	-----	-----	-----
1921	1,259	10,240,136	1,572,501	38,147	\$1,252,008
1922	1,392	7,826,231	1,819,562	18,263	960,000
1923	1,509	16,199,747	1,407,633	27,156	1,010,814
1924	1,584	10,602,074	1,172,006	5,922	1,254,769
1925	-----	-----	-----	-----	-----
1926	-----	-----	-----	-----	-----
1927	1,801	19,412,426	794,885	5,626	1,600,450

\* At close of business December 31. # Prunes, cherries, apples.

\*\* Packed boxes.



EQUITY UNION GRAIN COMPANY ISSUES PERIODICAL

A new publication called "The Kernel" appeared in February as the official organ of the Equity Union Grain Company, Kansas City, Mo. The Kernel is to be published monthly "on behalf and in the interests of those believing in cooperative marketing." It contains signed articles, editorials, market information, news and comment, a household department, and illustrations.

----0----

OHIO COOPERATIVE OPERATES TWO ELEVATORS AND A STORE

Two elevators and a store were operated by the Deshler Farmers' Elevator Company at a cost of 3.8 per cent of the total sales for the year ending May 1, 1927. Gross sales amounted to \$1,136,371, of which \$303,755 represented store sales. The two elevators handled 1,269,557 bushels of grain. Net earnings for the year were \$36,704, of which \$31,656 was derived from the elevator business and \$5,048 from the store. Dividends of 8 per cent on outstanding capital stock, a patronage dividend of 2 cents a bushel on grain, and a patronage dividend of 2 per cent on merchandise, were made from the net earnings. The surplus at the close of the year was \$68,354. Patronage dividends amounting to approximately \$90,000 have been paid to patrons of the company since it began operating in December of 1916.

----0----

BIG INTERIM PAYMENT TO CANADIAN WHEAT GROWERS

Nearly \$28,000,000 was distributed to grain growers on March 10, by the wheat pools of Manitoba, Alberta and Saskatchewan, as an interim payment of 15 cents a bushel on wheat and flax. An interim payment on barley, rye and oats was made in January. Grain deliveries were much heavier than in any previous year, and there was a still greater increase in the volume handled through the pool elevators. In Manitoba the 59 pool elevators have averaged more than 100,000 bushels so far this season, and in the other two provinces the average will be larger than this. So far this season the three pools have handled more than 185,000,000 bushels of wheat.

The distribution by the three pools is as follows: The Saskatchewan Pool mailed checks to the amount of \$17,597,067 on 116,378,945 bushels of wheat and 934,831 bushels of flax; the Manitoba Pool paid \$1,597,763 on 10,651,755 bushels of wheat and \$11,908 on 238,171 bushels of flax; and Alberta paid \$8,700,000 for about 58,000,000 bushels of wheat.

### FIFTY THOUSAND IN PATRONAGE DIVIDENDS

Six hundred delegates and members of the Michigan Livestock Exchange attended the annual banquet held at Lansing, February 23. This association was formed in 1918 and began operating on the Detroit terminal market May 1, 1922. During 1927 the Exchange received 429,720 head of livestock as follows: cattle and calves, 94,169; hogs, 193,300; sheep, 142,251. Sales and purchases for the year amounted to \$8,544,962. More than \$50,000 has been returned as patronage dividends to the shipping associations sending livestock to the sales agency since it began business.

-----0-----

### ALBERTA LIVESTOCK POOL MAKES GOOD START

In its first month of operation as a terminal sales agency, the Alberta Cooperative Livestock Producers, Ltd., Calgary, handled 165 cars of stock on the Calgary yards and 129 cars at Edmonton. These figures, it is stated, were equivalent to 38.2 per cent of total receipts on the yards at Calgary, and 38.3 per cent at Edmonton. Eight firms operate on the Calgary yards and four on the Edmonton yards, and the nearest competitor at the former point handled 19.9 per cent of total receipts; and at the latter point, 30.9 per cent. Direct shipments were included in the 165 cars received at Calgary.

-----0-----

### LIVESTOCK SHIPPERS DISCUSS VITAL QUESTIONS

About 250 delegates representing 190 livestock shipping associations attended the annual meeting of the Central Cooperative Association, St. Paul, Minn., February 7 and 8, and 450 persons were present at the banquet. Three retiring directors were reelected and subsequently the board of directors elected the same officers, so the organization will continue its work under the same management during 1928.

Resolutions were adopted dealing with the importance of choosing the right directors for shipping associations, and placing upon members the responsibility for determining beforehand the capabilities of the men they chose for this office. Responsibility for adopting a plan of organization which would lead to success, was also placed on the membership. Another resolution called upon the state legislature to establish supervision of livestock sales at country packing plants and concentration points, including state weighing and grading. The association further recommended that the legislature provide for a bridge across the Mississippi River at South St. Paul. Still another resolution recommended that producers should consign their livestock to the competitive markets to be sold by their own agencies.

### SOLD MORE THAN A MILLION ANIMALS

The year 1927 was the most successful in the history of the Producers' Livestock Commission Association, National Stock Yards, East St. Louis, Ill. More than a million animals were received and were sold for \$25,647,887. Nearly one-half of the receipts were from Missouri shippers and more than one-third were from Illinois shippers. The remainder of the shipments were from 11 states including Iowa, Tennessee, Arkansas, Kansas, and Nebraska.

The largest number of shipments from a single marketing agency were received from the Adams County Shippers' Association, Quincy, Ill., which organization shipped 811 cars in the year. The best record by a single-point shipping association was made by the one at Columbia, Mo., which forwarded 409 cars. A single individual feeder forwarded 59 cars during the year.

The refunds on commissions amounted to \$2,269 for the Adams County association, \$1,009 for the Columbia, Mo., association, and \$199 for the individual feeder.

Shipments were handled during the year for 354 associations and 1,126 straight-car shippers, in addition to receipts by trucks and boats.

The average commission received per car was \$17.23, and the average operating cost per car was \$12.17, leaving \$5.06 as net earnings per car. The total earnings for the year were \$74,593.

The growth of this farmer-owned and -operated enterprise since it began business on January 2, 1922, is indicated by the following figures:

Year	Total animals handled	Sales and purchases	Total income	Earnings	Refunded to shippers
1922	481,459	\$10,117,350	\$134,692	\$43,399	\$40,408
1923	849,214	14,854,336	*209,183	85,237	83,673
1924	1,046,258	19,496,864	237,031	77,681	58,932
1925	901,237	23,334,385	211,950	56,170	42,390
1926	970,693	27,577,874	235,124	70,878	46,803
1927	1,050,291	25,967,423	-----	74,593	-----

\* Commission rates were reduced approximately 20 per cent in 1923.

In December last, the association held its fourth annual calf-club show and sale. Calves from 16 clubs in Illinois and Missouri were exhibited. More than \$400 was awarded the winners. The average selling price of the 178 calves was \$16.73 per cwt.

The credit corporation conducted in connection with the Producers' Live Stock Commission Association rediscounted 160 loans amounting to \$403,528, with the Federal Intermediate Credit Bank of St. Louis. This was an average of \$2,553 per loan.



REPORT OF NEW YORK SALES AGENCY

Sales by the Pacific Egg Producers' Cooperative, Inc., New York City, for 1927, included 1,216,088 cases of eggs, 834,461 pounds of egg meats and 56,894 boxes of poultry. Total sales for the year amounted to \$12,260,694. During the year a new department for poultry and frozen eggs was established. Advertising in behalf of quality products was continued in trade papers and progress was made in the sale of high grade stamped eggs through the Sunrise Egg Producers' Cooperative, Inc., a subsidiary. Substantial quantities of Sunrise eggs were sold to chain stores and to jobbers in the upper Hudson River Valley. The movement of eggs to foreign countries during the year was encouraging to the management.

-----0-----

OREGON POULTRY ASSOCIATION PLANNING TO EXPAND

Earnings to the amount of \$44,260 during 1927, were reported by the Pacific Cooperative Poultry Producers, Portland, Ore., at the recent annual meeting. More members, more hens, and more eggs, were also reported. The membership increased from 1,338 to 1,707; the number of hens owned, increased from 489,291 to 683,577, shares of stock outstanding increased from 6,134 to 6,377 with a par value of \$63,770; and 226,751 cases of eggs were handled compared with 170,669 in 1926, a gain of 56,082 cases. For these eggs the association paid members \$1,956,204, an average of 28.92 cents per dozen on all grades.

Receipts of eggs for the past six years have been as follows: 1922, 69,873 cases; 1923, 75,370 cases; 1924, 101,294; 1925, 132,331; 1926, 170,669; 1927, 226,751. Each of the first three years of operation resulted in a deficit; beginning with 1925 a substantial sum has been realized each year and the organization now has a surplus fund of \$60,820. The association was reported by the management to be in a satisfactory financial condition with its stock of a par value of \$10 worth nearly \$20 a share.

As a result of storage and shipping operations, there is available for distribution among members about 20 cents per case on all eggs delivered during 1927. However, the manager recommended that this sum should be retained, temporarily at least, for financing the storage operations of the present season.

The question of the advisability of handling live poultry was discussed pro and con, resulting in a more or less general sentiment that poultry should be handled cooperatively. As the Pacific Cooperative Poultry Producers lacks necessary capital and handling facilities, a separate organization seemed to be the logical conclusion. A committee was appointed to find out whether the membership wished to permit the present association to make weekly deductions from their returns for eggs to finance a poultry marketing association.



FARMERS' FEDERATION SHIPPING POULTRY IN CARLOTS

A cash market for the farm poultry of western North Carolina has been provided to farmers through the Farmers' Federation, Asheville. Nine car loads of poultry were shipped from that section between the first of February and the middle of March, bringing the farmers more than \$25,000. The poultry cars run on regular schedules from several points, stopping at the various loading stations for a day, and cash is paid the farmers as the chickens are loaded into the car. The Federation takes in poultry at any time at its warehouses and pays the same prices as at the cars. It proposes to ship cars of live poultry as long as the supply holds out. When the quantity becomes too small to ship in carlots, the poultry will be dressed at the warehouses and when there is more than the local market will absorb, it will be shipped to northern markets.

The Federation has been working for some time to establish an egg marketing department. A manager has now been secured and entered upon his duties the 15th of March. An effort will be made to build up the egg production in the territory to the point where a solid car of eggs can be shipped every day in the year. Two hundred laying hens on every farm, is the present goal.

---0---

SIX HUNDRED ATTEND MEETING OF OHIO COOPERATIVE

About 650 members of the Ohio Poultry Producers' Cooperative Association attended the annual meeting held at Wauseon, February 21. One of the features of the meeting was the redemption of Series A certificates amounting to more than \$7,300. Another feature was an inspection, by the members, of the association's receiving, packing and shipping plant.

In addition to the reports of the officers, a representative of the Ohio State University presented a summary of a survey of the activities of the association from its beginning to July, last. This summary included a criticism of the dissatisfied members who had "spread unfounded rumors" and reminded them that they had "a definite responsibility in the maintenance of the association." Also they were reminded that the chronic kicker cost the association more than he was worth. The management was criticised because an "insufficient attempt had been made to present facts" to the membership regarding their enterprise, and it was pointed out that 60 per cent of the membership had failed to deliver eggs regularly.

In the opinion of the sales manager the members of the association had fared much better than nonmembers marketing eggs during 1927.

### WOOL COOPERATIVE CELEBRATES TENTH ANNIVERSARY

The tenth birthday anniversary of the Canadian Cooperative Wool Growers, Ltd., was celebrated at Toronto, March 22. The management reported that 4,500,000 pounds of wool of the 1927 clip had been handled. Of this quantity 2,000,000 pounds went to Great Britain, France, Belgium and Germany, with a fair quantity to the United States. During the ten years that the association has been active, it has received, graded and marketed 36,000,000 pounds of wool. The association is considering the establishment of a wool warehouse at Vancouver to supply domestic demands.

-----0-----

### MINNESOTA ASSOCIATION HANDLING MORE WOOL

The Minnesota Cooperative Wool Growers' Association, Wabasha, organized in 1924 with 12 members, had acquired 1,679 members and patrons at the end of 1927. Receipts of wool rose from 543,893 pounds in 1926 to 614,816 pounds in 1927. For the 1927 clip the growers received from 32 to 37 cents per pound according to grade, with 44 to 50 cents for mohair. Seventy per cent of value was advanced on delivery of wool to the association. Practically all wool was sold directly to mills.

The association has wool bats, yarn, blankets, and robes made from selected fleeces and is offering these goods for sale.

A recent meeting of the wool pools of the state, called by the Assistant Commissioner of Agriculture, resulted in free and friendly discussion of problems involved, which may in time prove of value in consolidating the marketing interests of the wool growers.

-----0-----

### OHIO WOOL GROWERS WANT MORE BUSINESS

At the recent annual meeting of the Ohio Wool Growers' Cooperative Association at Columbus, considerable attention was given to the matter of an increased volume of business for the current year. Members were asked to give one day each to soliciting signatures to the association's marketing contract. It was decided to continue to make uniform advances at a low interest rate on wools delivered to the association and to discontinue the service charge to members who were not members of the farm bureau. Favorable action was taken in behalf of a truth-in-fabric bill which would provide for branding all fabrics not made of virgin wool. Action was also taken in behalf of additional appropriations for experiment station work on problems which sheep and wool producers want solved.

A series of 36 meetings is now under way in the wool-producing sections of the state to increase the membership and secure a larger volume of wool.

### REFUNDS TO INDIANA COUNTIES

Each of 23 Indiana counties received refunds and discounts of \$1,000 or more because of business transacted through the Indiana Farm Bureau Purchasing Department, Inc., Indianapolis, during 1927. Fifteen counties received \$2,000 or more; six counties \$3,000; and two counties more than \$4,000 each. The total amount of refunds and discounts for the year was \$128,948 on a gross business of \$2,120,567. The net worth of the association at the close of the year was \$66,915, including surplus and undivided profits of \$37,667.

Arrangements have been made by the Farm Bureau Federation for supplying its members on a cooperative basis with made-to-order suits of virgin wool. Agencies have been established in several of the counties of the state for receiving orders and taking measurements.

----0----

### MINNESOTA STORE BUILDING BIG BUSINESS

Sales to the amount of half a million dollars during 1927 was the goal set by the Cloquet Cooperative Society, Cloquet, Minn. This high mark was passed as the net sales aggregated \$516,277, or \$33,869 more than in 1926, a gain of nearly 9 per cent. From this volume of business the net earnings were \$16,930, or 3.29 per cent of sales. The stock of merchandise was turned over 10.4 times during the year.

The Cloquet Cooperative Society started in business 18 years ago with a small store and has gradually built up a large business and is now operating three stores and a meat market. Two hundred thirty-three cars of merchandise were handled last year, besides other merchandise in smaller lots. The carlot business included 103 cars of flour and feed, 55 cars of hay, 54 cars of coal, 10 of cement, 4 of wall plaster, 2 of salt, and one car each of bricks, nails and barbed wire, roofing, farm machinery, and seeds.

The membership increased by 152 during 1927, bringing the total to 1,117. About 65 per cent are Finnish and the remainder of other nationalities. About 60 per cent live in the city and 40 per cent in the country.

By distributing its net earnings to customers in the form of share credits instead of cash, the society has built up a paid-in capital of \$59,450, and also has trade refunds payable to the amount of \$20,559. At the annual meeting in January the membership voted to pay the refunds in cash this year. Operating expenses in 1927 were but 11.38 per cent of net sales.

One manager has been in charge for many years and much credit for the success of the enterprise is given to his faithful and efficient service, and also to the educational program which is carried on each year. One thousand dollars was devoted to educational work last year, including an essay contest for high school students, scholarships in cooperative training schools, and distribution of literature.



### COOPERATIVE STORE BUYS OUT COMPETITOR

Two cooperative stores have been in operation on the same street of Waukegan, Ill., for many years, but on March 1, 1928, the Cooperative Trading Company bought out its competitor, the Finnish Mercantile Company, and took over all its real estate, personal property and business. Both stores were started by Finnish people, the Finnish Mercantile Company in 1907 and the Cooperative Trading Company four years later, and both dealt in dairy products, groceries and meat, the Finnish Company also operating a bakery. The chief point of difference between the two was that the majority of the members of the Cooperative Trading Company insisted upon strict adherence to Rochdale principles, while the Finnish Company was not strictly cooperative. The present transaction was an outright purchase of the Finnish Company, which last year had sales of \$130,000.

The Cooperative Trading Company reported net earnings of \$24,135 for 1927. It has share capital of \$47,710; trade refunds payable in shares of \$22,631; and a reserve fund of \$10,537. During the past year it employed 43 persons and its payroll amounted to \$82,531.

----0----

### FOUR YEARS WORK OF COOPERATIVE CENTRAL EXCHANGE

Comparative figures for the past four years show the growth of the Cooperative Central Exchange, Superior, Wis. From the figures the following have been selected:

Year	Net sales	Operating expenses (Per cent)	Net earnings	Paid-in capital	Educational expenses
1924	\$ 613,214	9.39		\$21,500	\$1,073
1925	835,532	8.6	\$ 8,869	27,278	2,155
1926	1,048,292	10.6	11,647	37,248	2,817
1927	1,255,676	9.9	18,335	48,864	5,564

The Cooperative Central Exchange is a buying organization for the cooperative stores and local buying associations in northern Minnesota, Wisconsin, and Michigan, serving principally as a wholesale house but also operating a bakery and carrying on educational work. The management calls attention to the fact that the capital of the enterprise was turned over 38.9 times in 1925, 38.4 times in 1926, and 33.7 times in 1927.

More and more attention is being given to educational work, as will be noted by the increased amounts expended.



SURETY OF BANK LIABLE TO COOPERATIVE ASSOCIATION

Recently the Supreme Court of Michigan decided the case of the Farmers' Cooperative Creamery Company v. Huhn et al. 216 N.W. 370. The Creamery Company is engaged in buying and selling dairy products at Saranac, Michigan. The Farmers' and Merchants' Bank is the name assumed by a copartnership composed of Wm. H. Proctor, Wm. Gunn, and Frank J. Gifford, which was formed about 1910 to engage in the general banking business at Saranac, Michigan. Mr. Proctor died in January, 1917. The partnership was continued by the two surviving partners, William Gunn and Frank J. Gifford. Some time after April 23, 1917, Mr. Gunn, who had bought the interest of Mr. Proctor from the estate, sold a one-sixth interest to Belle Gifford, the wife of the other partner. The Creamery Company opened an account with the Farmers and Merchants' Bank, but, before doing so, required a bond in the penal sum of \$3,000 to secure it from loss by reason of the money which it might deposit from time to time. The bond was furnished April 23, 1917, by the bank with Albert C. Reed and Norman J. Ogilvie as sureties.

The bank failed April 13, 1923, at which time it owed the Farmers' Cooperative Creamery Company, on account of deposits, the sum of \$4,049. Suit was accordingly brought by the Creamery Company on the bond against Charles E. Huhn, administrator of the estate of Albert C. Reed, and Norman J. Ogilvie, as sureties.

The lower court decided in favor of the company and the sureties took the case to the Supreme Court. They contended that the bond was not a continuing bond, that it was not intended to remain effective for a longer period than six months, and that, as the loss sustained by the plaintiff was on deposits made after that time, there was no liability on the part of the sureties.

The following quotation from the bond is of interest in this connection:

....Farmers and Merchants' Bank of Saranac,  
Michigan, is engaged in a general banking business  
....and as such, receives from time to time moneys  
belonging to said Farmers' Cooperative Creamery....

The court said the language of the bond was plain, that the time during which it was to continue was not stated and that the words "from time to time" clearly indicated a continuing guaranty, and

in this connection quoted from one of its prior decisions in which it said:

The general rule arising from the implication of the language used is that, when the amount of the liability is limited and the time is not, the contract should be construed as a continuing guaranty.

It was also contended by the sureties that the legal effect of a change which had occurred in the partnership operating the bank, the principal obligor, was to discharge the sureties from further liability. The change referred to was brought about by the sale by Mr. Gunn of a one-sixth interest in the partnership to Mrs. Gifford, the wife of the other partner. As stated above, the remaining partners continued to operate the bank after Mr. Proctor's death, and some time thereafter Mr. Gunn purchased the interest of Mr. Proctor from the estate. The question for determination, therefore, was the effect of adding Mrs. Gifford to the partnership.

The court said the general rule is well settled that, after the bond is given, any change in the personnel of the obligor's partnership releases the sureties, the release being on the theory that the change in the obligation by the substitution of new names has the effect of making a different contract on which they never intended to become liable. But the change must be a valid one.

The doctrine of the common law as to the disability of married women precludes a partnership between husband and wife. In view of this, the court said "the fact that an attempt to add another partner to the principal obligor's firm was invalid, the sureties on the bond were not released."

The judgment of the lower court in favor of the Creamery Company was affirmed.

H. M. Bain.

### MANAGEMENT PROBLEMS OF COOPERATIVES

"Management Factors Which Cooperatives should Consider" was discussed by A. W. McKay before the School of Cooperative Marketing, Manhattan, Kans., February 9, and multigraphed copies of the address are now available for distribution by the Division of Cooperative Marketing, U. S. Department of Agriculture.

The subject matter is presented in four divisions: Determination and allocation of responsibility; accounting records and statistical reports; determination of policies; problems of personnel and administration.

-----0-----

### NEW CIRCULAR COMPARES CHANGES IN FIVE YEARS

"Cooperative Selling and Purchasing as Shown by the Agricultural Census of 1919 and 1924," is the title of a multigraphed circular by R. H. Elsworth, just issued by the Division of Cooperative Marketing. The two sets of census data are compared and the changes occurring in the five years are discussed and summarized. The information is presented graphically by means of a set of charts. Copies of the circular may be procured upon request from the Division of Cooperative Marketing U. S. Department of Agriculture, Washington, D. C.

-----0-----

### CONTRIBUTION ON COOPERATION FROM ARGENTINA

"La Cooperacion su Regimen Juridico" (Cooperation and Its Legal Regulation) is the title of a thesis in the Spanish language, submitted by Samson Leieron of Buenos Aires to the faculty of law and social science of the National University of Buenos Aires for the degree of doctor of laws. The printed thesis makes a volume of more than 200 pages. It is dedicated to the President of Argentina, who, under date of June 1, 1927, officially acknowledged the merit of this contribution to the subject of cooperation.

It is apparent that the author has made a careful study of the cooperative acts of our various states, as well as having studied the works of the leading writers on cooperation in the different countries of the old world. Among the United States writers referred to are: L. S. Hulbert, Florence E. Parker, and Emerson V. Harris. Reference is also made to the writings of Professor C. R. Fay of Toronto, Canada.

---

REPORTED BY THE ASSOCIATIONS

---

Daily pools are established by the Georgia Cotton Growers' Cooperative Association, Atlanta, under the revised contract. The seasonal pools will be conducted as heretofore, the daily optional pools being an additional service offered for the benefit of farmers who have special needs and must have cash promptly for their cotton.

The New Zealand Cooperative Pig Marketing Association was formed in the early fall of 1927. In less than two months the association was receiving more than 1,500 pigs a week. The members of the association are local cooperative dairy companies. The pigs are being marketed as bacon and ham to farmers in the territory from which the pigs largely come. Surplus meat is exported.

The Oklahoma Pecan Growers' Association, Ardmore, is planning to hold a pecan show next November. Prizes are offered for budded and native varieties of nuts and also for food products in which pecans are utilized. In connection with the show there will be an educational program and the propagation and culture of pecans will be discussed by experts. The association proposes to make the pecan show an annual event.

Cooperative poultry sales were held in two Tennessee counties in February under direction of the county farm bureaus. In Sequatchie County 195 farmers pooled 15,303 pounds of poultry which brought \$3,202, or \$765 more than this quantity would have brought at local prices. In Bradley County a three days' sale was held and 56,000 pounds of poultry was brought in by 619 farmers. Sales amounted to more than \$11,000.

Net earnings of \$4,193 are reported by the management of the Farmers' Union Cooperative Gas, Cream and Produce Company, Clark, Nebr., for the nine months ending December 20. The association was organized early in 1927 and nearly \$10,000 was invested in land, tanks, and equipment. Among the achievements claimed for the association in addition to the net earnings, is that of lowering the price of gasoline  $4\frac{1}{2}$  cents a gallon.

There were 49 farmers' cooperative oil companies in Minnesota on March 1, according to a list prepared by the Department of Agriculture of the University of Minnesota. One of these companies, located in Minneapolis, was handling oil in bulk for the other associations. It operated five bulk stations in different parts of the state. A number of the local companies were also operating more than one station, one local operating five stations. In addition to the 49 oil companies there were a number of other cooperatives which handled gasoline and oils as side lines.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Bowsher, H. F. Cooperative Trend. Equity-Union Exchange, Greenville, Ill., March 21, 1928, p. 1.
- Condition of the Cooperative Movement in Various Countries. Monthly Labor Review. Bureau of Labor Statistics, Washington, D. C., March, 1928, p. 94.
- Denton, H. J. Aims and Purposes of Cooperative Cotton Marketing. Oklahoma Cotton Grower, Oklahoma City, Okla., March 10, 1928, p. 2.
- Flatness, E. C. Why Our Shipping Association Succeeds: Membership Agreement Important Factor in Success -- Good Business Practices Equally Essential. Iowa Homestead, Des Moines, March 1, 1928, p. 5.
- Frankness Speeds the Almond Move. (Editorial) Pacific Rural Press, San Francisco, Calif., March 3, 1928, p. 270.
- Gage, Ralph. Cooperation Born of Necessity. California Cultivator, February 25, 1928, p. 227.
- Holman, Charles W. Direct Buying Legislation. The Farmer, Saint Paul, Minn., March 17, 1928, p. 16.
- Knappen, Theodore M. Here's a Lasting Cure for Low Agricultural Returns: Large-scale Cooperative Marketing Will Help to Minimize Effects of Vicious Cycles. (Interview with W. M. Jardine) Wheat Growers' Journal, Wichita, Kans., March 1, 1928, p. 5.
- Patch, Gifford, Jr. Members' Attitude Determines Exchange Success. Michigan Potato Growers' Exchange, Cadillac, Mich., March 20, 1928, p. 1.
- Pickett, John E. A Pay-as-You-Go Cooperative. Pacific Rural Press, San Francisco, Calif. March 10, 1928, p. 321.
- A Rousing Land O'Lakes Creamery Meeting. Wisconsin Farmer, Madison, Wis., March 15, 1928, p. 7.
- Supreme Court Okehs Farm Cooperative Marketing Law. Printers' Ink, New York City, March 1, 1928, p. 103.
- Taylor, Carl C. Cooperative Marketing. Southern Planter, Richmond, Va., February 15, 1928, p. 22.

# IN THIS ISSUE

	Page
Dairy products:	
Cooperatives produce and market one-third of cheese .....	125
Where butter is measured in tons (Australia) .....	126
New name for Wisconsin Cheese Federation .....	126
Oregon association has marketed cheese for many years .....	127
Growth in seven years (Minn.) .....	128
Idaho creamery gains many members .....	128
Fraser Valley dairymen hold annual meeting (Canada) .....	128
Fruits and vegetables:	
Cull fruit turned into profits (Texas) .....	129
Surplus helps New York grape growers .....	129
Florida Exchange finds markets for low grade citrus .....	129
Oregon association markets many different products .....	130
Grain:	
Equity Union Grain Company issues periodical (Mo.) .....	131
Ohio cooperative operates two elevators and a store .....	131
Big interim payment to Canadian Wheat Growers .....	131
Livestock:	
Fifty thousand in patronage dividends (Mich.) .....	132
Alberta livestock pool makes good start .....	132
Livestock shippers discuss vital questions (Minn.) .....	132
Sold more than a million animals. (Ill.) .....	133
Poultry products:	
Report of New York sales agency .....	134
Oregon poultry association planning to expand .....	134
Farmers' Federation shipping poultry in carlots (N.C.) .....	135
Six hundred attend meeting of Ohio cooperative .....	135
Wool:	
Wool cooperative celebrates tenth anniversary (Canada) .....	136
Minnesota association handling more wool .....	136
Ohio Wool Growers want more business .....	136
Purchasing:	
Refunds to Indiana counties .....	137
Minnesota store building big business .....	137
Cooperative store buys out competitor. (Ill.) .....	138
Four years' work of Cooperative Central Exchange (Wis.) .....	138
Legal:	
Surety of bank liable to cooperative association .....	139
Publications:	
Management problems of cooperatives .....	141
New circular compares changes in five years. ....	141
Contribution on cooperation from Argentina .....	141
Miscellaneous:	
Reported by the associations .....	142
Selected list of publications and articles .....	143